

Message Text

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ACTION NEA-10

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R 190838Z JUL 75
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 4023
USDOC WASHDC

UNCLAS DAMASCUS 2750

E.O. 11652: N/A

TAGS: BEXP, BDIS, SY

SUBJ: J. GERALD MCELROY: ITEMS PURCHASED BY PETROLEUM
MINISTRY'S PHOSPHAGE COMPANY NOT RECEIVED

REF: A. STATE 115377; B. DAMASCUS 1688

1. SUMMARY: SARG PETROLEUM MINISTER IN LETTER TO AMBASSADOR
REQUESTS INTERVENTION WITH PENNSYLVANIA MINING CO. (PMC)
GIVEN NONPERFORMANCE ON \$823,000 CONTRACT FOR PMC SUPPLY
OF CATERPILLER EQUIPMENT TO MINPET'S PHOSPHATE CO. REQUEST
STATE/USDOC LEAN HARD ON PMC GIVEN IMPORTANCE THIS CONTRACT
AND LARGE POTENTIAL SALES IN RELATED AREAS BY OTHER US FIRMS.
END SUMMARY.

2. SYRIAN MFA NOTE M 30 (12/1/4/4738) OF JULY 13 FORWARDED
JULY 6 LETTER FROM SARG MINISTER OF PETROLEUM AND MINERAL
RESOURCES MUSTAFA TO AMBASSADOR. SUMMARY OF LETTER FOLLOWS:

3. ON JANUARY 19, 1975, MCELROY, REPRESENTING PENNSYLVANIA
MINING CO. (PMC) AS SELLER SIGNED CONTRACT WITH PETMIN'S
GENERAL COMPANY FOR PHOSPHATE AND MINES AS BUYER FOR SUPPLY
OF CATERPILLER EQUIPMENT:

- A. TWO UNITS TRACK TYPE MODEL 977L;
- B. TWO UNITS WHEEL TYPE MODEL 988;
- C. ONE UNIT TRADE TYPE MODEL D9H.

(EMBASSY PREVIOUSLY INFORMED BY MCELROY THAT PHOSPHATE CO.
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OPENED L/C FOR THIS ORDER THROUGH CHASE MANHATTAN, NEW YORK,

FOR \$823,000.) CONTRACT CALLED FOR DELIVERY OF ITEMS (A) AND (B) IN 60 DAYS AND 135 DAYS FOR ITEM (C) FROM DATE OF NOTIFYING SELLER (PMC) THAT L/C OPENED. DELIVERY SHOULD HAVE BEEN ACCOMPLISHED IN JUNE BUT NO DELIVERIES YET, IN SPITE OF MANY "INQUIRING CONTACTS WITH THEM (PMC)" WITH NO REPLY, WITH RESPECT TO REASONS FOR DELAY OR OTHERWISE, HAVING BEEN RECEIVED FROM PMC. ATTITUDE OF SELLER COULD LEAD PHOSPHATE CO. TO SUSPECT SELLER'S INTENTIONS. COMPANY IS IN URGENT NEED OF THIS EQUIPMENT AND DAMAGE WILL RESULT FROM DELAY. COMPANY NOTIFIED SELLER OF ESTABLISHMENT OF L/C IMMEDIATELY AFTER CONTRACT SIGNATURE.

LETTER CONCLUDES, "CONSIDERING PRINCIPLES OF GOOD WILL AND TRUST IN COMMERCIAL RELATIONS, WE SHOULD BE GRATEFUL IF YOUR EXCELLENCY WILL INTERVENE WITH PMC SO THAT THEY MAY ACCOMPLISH DELIVERY OF THIS EQUIPMENT IN SHORTEST POSSIBLE SPAN OF TIME. TRUSTING THAT YOU WILL BE USING YOUR BEST INFLUENCE FOR SOLVING THIS PROBLEM....HIGHEST CONSIDERATION, ETC. SIGNED MINISTER OF PETROLEUM AND MINERAL RESOURCES." END OF LETTER SUMMARY.

4. AS NEA/ARN, USDOC/CAGNE AND UDSCO/D SGILPATRICK AWARE FROM REFTEL AND EXCHANGE OF OTHER MESSAGES ON MCELROY, INCLUDING HIS UNSUCCESSFUL BID ON PL 480 TITLE I WHEAT, WE HAVE HAD OUR PROBLEMS WITH PMC. NOW REQUEST FOR OUR INTERVENTION HAS ESCALATED TO MINISTERIAL LEVEL, AND IN MINPET -- A KEY MINISTRY INsofar AS OUR COMMERCIAL AND TO SOME EXTENT AID MATTERS GO.

5. THEREFORE REQUEST THAT STATE/USDOC CONTACT MCGAVIN OF PMC SOONEST AND LEAN HARD ON COMPANY FOR PROPER PERFORMANCE UNDER CONTRACT.

6. FYI: MCELROY OBTAINED MINISTER OF COMMUNICATIONS SIGNATURE ON MUCH LARGER CONTRACT IN JANUARY. MINCOMMO MAY ALREADY HAVE CANCELLED THIS CONTRACT WITH PMC. WE ARE NOT RAISING MATTER WITH MINCOMMO BUT SUGGEST STATE/USDOC ASK PMC IF IT HAS ANY OTHER OUTSTANDING CONTRACTS WITH SYRIAN AUTHORITIES, IF SO WHAT IS STATUS OF SUCH CONTRACTS AND SO INFORM US. END FYI.

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